

CITY OF LINCOLN CENTER, KANSAS

SPECIAL FINANCIAL STATEMENTS

DECEMBER 31, 2010

**David A O'Dell, LLC
Certified Public Accountant
McPherson, Kansas 67460**

CITY OF LINCOLN CENTER, KANSAS

SPECIAL FINANCIAL STATEMENTS For the Year Ended December 31, 2010

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CITY OF LINCOLN CENTER, KANSAS

**SPECIAL FINANCIAL STATEMENTS
For the Year Ended December 31, 2010**

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Lincoln Center, Kansas

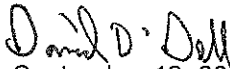
I have audited the accompanying financial statements of the City of Lincoln Center, Kansas, as of and for the years ended December 31, 2010 and 2009 and the individual fund financial statements of the City as of and for the years ended December 31, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of the City's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audits in accordance with U.S. generally accepted auditing standards, and the *Kansas Municipal Audit Guide*. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for our opinion.

As described in Note 1, the City prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In my opinion, because of the City's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with U.S. generally accepted accounting principles, the financial position of the City as of December 31, 2010 and 2009, or the results of its operations, or the cash flows of its proprietary fund types for the years then ended.

However, in my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash and unencumbered cash balances of the City as of December 31, 2010 and 2009, and its cash receipts and expenditures, for the years then ended on the basis of accounting described in Note 1. The individual fund financial statements as of and for the year ended December 31, 2010 and 2009, present fairly, in all material respects, the unencumbered cash balances, cash receipts and expenditures on the basis of accounting described in Note 1.


September 12, 2011
McPherson, Kansas

CITY OF LINCOLN CENTER, KANSAS

SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
For the Year Ended December 31, 2010

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
GENERAL OPERATING FUND:							
General Operating Fund	\$ 374,060	\$ -	\$ 477,899	\$ 545,693	\$ 306,266	\$ 11,940	\$ 318,206
SPECIAL REVENUE FUNDS:							
Employee Benefit Fund	28,542	-	30,041	33,609	24,974	-	24,974
Library Fund	582	-	35,246	35,790	38	1,300	1,338
Payroll Account	-	-	-	-	-	410	410
Special Highway Fund	34,334	-	31,896	37,620	28,610	-	28,610
Special Liability Fund	116,412	-	2,180	1,316	117,276	-	117,276
Special Park and Recreation Fund	10,095	-	1,766	-	11,861	-	11,861
Total Special Revenue Funds	189,965	-	101,129	108,335	182,759	-	184,469
DEBT SERVICE FUND:							
Bond and Interest Fund	4,062	-	35,521	31,370	8,213	-	8,213
CAPITAL PROJECTS FUNDS:							
Municipal Equipment Reserve	88,272	-	31,249	-	119,521	-	119,521
PERMANENT FUND:							
Cemetery Trust Fund	66,496	-	792	-	67,288	-	67,288
ENTERPRISE FUNDS:							
Electric Utility Fund	1,211,995	-	1,810,000	1,826,501	1,195,494	110,026	1,305,520
Water Utility Fund	483,254	-	199,333	403,022	279,565	93,234	372,799
Sewer Utility Fund	274,134	-	117,440	108,195	283,379	1,189	284,568
Solid Waste Fund	6,624	-	98,853	98,112	7,365	-	7,365
Total Enterprise Funds	1,976,007	-	2,225,626	2,435,830	1,765,803	204,449	1,970,252
Total Primary Government	2,698,862	-	2,872,216	3,121,228	2,449,850	216,389	2,667,949

The notes to the financial statements are an integral part of this statement.

CITY OF LINCOLN CENTER, KANSAS

SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
For the Year Ended December 31, 2010

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
COMPONENT UNITS:							
Library Board	74,119	-	47,021	48,083	73,057	-	73,057
Port Authority	32,941	-	419,763	453,322	(618)	57,807	57,189
Total Component Units	107,060	-	466,784	501,405	72,439	-	130,246
Total Reporting Entity	\$ 2,805,922	\$ -	\$ 3,339,000	\$ 3,622,633	\$ 2,522,289	\$ 216,389	\$ 2,798,195

COMPOSITION OF CASH:

Cash on Hand	\$ 200
Checking Accounts	158,145
Savings and Money Market Accounts	2,279,604
Certificates of Deposit	230,000
Total Cash - Primary Government	2,667,949
Cash on Hand	6
Checking and Money Market Accounts	130,240
Certificate of Deposit	-
Total Cash - Component Units	130,246
Total Reporting Entity	\$ 2,798,195

The notes to the financial statements are an integral part of this statement.

CITY OF LINCOLN CENTER, KANSAS

(Budgeted Funds Only)

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2010

	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance- Favorable (Unfavorable)</u>
GENERAL OPERATING FUND					
General Operating Fund	\$ 783,000	\$ -	\$ 783,000	\$ 545,693	\$ 237,307
SPECIAL REVENUE FUNDS:					
Employee Benefit Fund	51,000	-	51,000	33,609	17,391
Library Fund	36,500	-	36,500	35,790	710
Special Highway Fund	61,210	-	61,210	37,620	23,590
Special Liability Fund	115,000	-	115,000	1,316	113,684
Special Park and Recreation Fund	9,000	-	9,000	-	9,000
DEBT SERVICE FUND:					
Bond and Interest Fund	36,370	-	36,370	31,370	5,000
ENTERPRISE FUNDS:					
Electric Utility Fund	2,376,000	-	2,376,000	1,826,501	549,499
Water Utility Fund	496,000	-	496,000	403,022	92,978
Sewer Utility Fund	173,460	-	173,460	108,195	65,265
Solid Waste Fund	103,000	-	103,000	98,112	4,888

**CITY OF LINCOLN CENTER, KANSAS
GENERAL OPERATING FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2010**

(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance- Favorable (Unfavorable)
	Actual	Actual	Budget	
CASH RECEIPTS:				
Ad Valorem Taxes -				
Current Tax	\$ 130,138	\$ 117,062	\$ 123,503	\$ (6,441)
Delinquent Tax	1,684	2,527	1,000	1,527
Motor Vehicle Tax	27,027	25,538	28,494	(2,956)
Recreational Vehicle Tax	423	326	382	(56)
Sales Tax	49,781	47,139	50,000	(2,861)
Intangible Tax	28,535	26,135	23,143	2,992
Liquor Tax	1,843	1,766	1,875	(109)
Connecting Link	750	750	750	-
In Lieu of Taxes	545	657	475	182
Licenses, Permits, and Fees -				
Franchise	39,566	36,751	48,000	(11,249)
Dog	1,906	1,025	2,500	(1,475)
Beer	375	175	1,000	(825)
Building Permits	410	205	500	(295)
Cemetery Permits and Fees	540	985	1,000	(15)
Occupation	450	450	750	(300)
Interest	25,062	12,382	25,000	(12,618)
Fines	441	678	1,000	(322)
Cemetery Lots	400	800	1,000	(200)
Airport	1,872	1,872	3,000	(1,128)
Rental Income	11,172	12,231	13,000	(769)
Gifts and Bequests	1,000	1,865	-	1,865
Insurance proceeds	1,478	-	-	-
Miscellaneous Income	6,539	2,426	5,000	(2,574)
Swimming Pool	7,854	8,669	12,000	(3,331)
Recreation Receipts	31,747	38,335	33,000	5,335
Weed Abatement Fees	-	150	1,000	(850)
Transfers In -				
Solid Waste Fund	3,000	2,000	5,000	(3,000)
Sewer Fund	3,000	5,000	5,000	-
Electric Fund	100,000	100,000	100,000	-
Water Fund	30,000	30,000	30,000	-
Total Cash Receipts	507,538	477,899	\$ 517,372	\$ (39,473)
EXPENDITURES:				
General Government -				
Personal Services	45,619	47,844	\$ 47,000	\$ (844)
Contractual	29,580	28,569	75,000	46,431
Commodities	3,138	4,026	10,000	5,974
Tax Refunds	4,230	-	6,000	6,000
Capital Outlay	7,980	652	15,000	14,348

The notes to the financial statements are an integral part of this statement.

**CITY OF LINCOLN CENTER, KANSAS
GENERAL OPERATING FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2010**

(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance- Favorable (Unfavorable)
		Actual	Budget	
EXPENDITURES (Continued):				
Public Safety -				
Personal Services	3,240	3,240	6,000	2,760
Contractual	141,160	142,815	145,000	2,185
Commodities	2,956	2,036	7,000	4,964
Capital Outlay	5,954	708	15,000	14,292
Street Lighting -				
Personal Services	3,465	5,373	6,000	627
Contractual	-	-	1,000	1,000
Commodities	3,140	3,587	4,000	413
Capital Outlay	-	-	5,000	5,000
Streets -				
Personal Services	47,100	42,866	65,000	22,134
Contractual	47,292	47,178	25,000	(22,178)
Commodities	43,033	23,908	65,000	41,092
Capital Outlay	-	-	35,000	35,000
Park and Pool -				
Personal Services	31,866	33,997	40,000	6,003
Contractual	7,852	8,428	25,000	16,572
Commodities	9,649	11,444	13,000	1,556
Capital Outlay	33,213	10,210	20,000	9,790
Cemetery -				
Personal Services	15,064	15,053	28,000	12,947
Contractual	547	3,592	3,000	(592)
Commodities	1,379	780	4,000	3,220
Capital Outlay	-	6,149	5,000	(1,149)
Airport -				
Appropriations	15,000	15,000	15,000	-
Recreation				
Personal Services	22,688	22,908	24,000	1,092
Contractual	16,524	18,816	12,000	(6,816)
Commodities	14,108	10,538	12,000	1,462
Capital Outlay	-	4,469	10,000	5,531
Weed Control -				
Personal Services	706	1,507	3,000	1,493
Contractual	-	-	1,000	1,000
Commodities	-	-	2,000	2,000
Capital Outlay	-	-	4,000	4,000
Interest Expense	-	-	-	-
Transfers Out -				
Equipment Reserve	30,000	30,000	30,000	-
TOTAL EXPENDITURES	586,483	545,693	\$ 783,000	\$ 237,307

CITY OF LINCOLN CENTER, KANSAS
GENERAL OPERATING FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2010
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

Receipts Over Expenditures	(78,945)	(67,794)
Unencumbered Cash, Beginning	<u>453,005</u>	<u>374,060</u>
Unencumbered Cash, Ending	<u>\$ 374,060</u>	<u>\$ 306,266</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LINCOLN CENTER, KANSAS
SPECIAL REVENUE FUND - EMPLOYEE BENEFIT FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2010
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance- Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Ad Valorem Taxes -				
Current Tax	\$ 19,979	\$ 25,596	\$ 27,003	\$ (1,407)
Delinquent Tax	199	391	200	191
Motor Vehicle Tax	2,840	3,860	4,374	(514)
Recreational Vehicle Tax	44	50	58	(8)
In Lieu of Taxes	84	144	73	71
Miscellaneous	1,600	-	-	-
Total Cash Receipts	24,746	30,041	\$ 31,708	\$ (1,667)
Expenditures:				
Employee Benefits	27,936	33,609	51,000	17,391
Total Expenditures	27,936	33,609	\$ 51,000	\$ 17,391
Receipts Over Expenditures	(3,190)	(3,568)		
Unencumbered Cash, Beginning	31,732	28,542		
Unencumbered Cash, Ending	\$ 28,542	\$ 24,974		

The notes to the financial statements are an integral part of this statement.

**CITY OF LINCOLN CENTER, KANSAS
SPECIAL REVENUE FUND - LIBRARY FUND**

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2010
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	<u>Prior Year Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
Cash Receipts:				
Ad Valorem Taxes -				
Current Tax	\$ 25,718	\$ 29,439	\$ 31,056	\$ (1,617)
Delinquent Tax	353	530	300	230
Motor Vehicle Tax	5,406	5,048	5,629	(581)
Recreational Vehicle Tax	84	64	75	(11)
In Lieu of Taxes	108	165	94	71
Total Cash Receipts	31,669	35,246	<u>\$ 37,154</u>	<u>\$ (1,908)</u>
Expenditures:				
Library Board	32,500	35,790	<u>\$ 36,500</u>	<u>\$ 710</u>
Receipts Over (Under) Expenditures	(831)	(544)		
Unencumbered Cash, Beginning	<u>1,413</u>	<u>582</u>		
Unencumbered Cash, Ending	<u>\$ 582</u>	<u>\$ 38</u>		

The notes to the financial statements are an integral part of this statement.

**CITY OF LINCOLN CENTER RIVER, KANSAS
SPECIAL REVENUE FUND - SPECIAL HIGHWAY FUND**

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2010

(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance- Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
State of Kansas - Fuel Tax	\$ 30,699	\$ 31,896	\$ 35,430	\$ (3,534)
Expenditures:				
Personal Services	-	-	15,000	15,000
Contractual	-	-	2,210	2,210
Commodities	33,450	37,620	44,000	6,380
Total Expenditures	33,450	37,620	\$ 61,210	\$ 23,590
Receipts Over (Under) Expenditures	(2,751)	(5,724)		
Unencumbered Cash, Beginning	37,085	34,334		
Unencumbered Cash, Ending	\$ 34,334	\$ 28,610		

The notes to the financial statements are an integral part of this statement.

CITY OF LINCOLN CENTER, KANSAS
SPECIAL REVENUE FUND - SPECIAL LIABILITY FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2010

(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance- Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Ad Valorem Taxes -				
Current Tax	\$ 3,897	\$ 1,302	\$ 1,370	\$ (68)
Delinquent Tax	62	84	60	24
Motor Vehicle Tax	1,107	777	853	(76)
Recreational Vehicle Tax	17	10	11	(1)
In Lieu of Taxes	16	7	14	(7)
Total Cash Receipts	5,099	2,180	\$ 2,308	\$ (128)
Expenditures:				
Contractual	1,316	1,316	\$ 115,000	\$ 113,684
Receipts Over Expenditures	3,783	864		
Unencumbered Cash, Beginning	112,629	116,412		
Unencumbered Cash, Ending	\$ 116,412	\$ 117,276		

The notes to the financial statements are an integral part of this statement.

CITY OF LINCOLN CENTER, KANSAS
SPECIAL REVENUE FUND - SPECIAL PARKS AND RECREATION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2010

(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance- Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Liquor Tax	\$ 1,843	\$ 1,766	\$ 1,875	\$ (109)
Expenditures:				
Contractual	-	-	2,000	2,000
Commodities	-	-	2,000	2,000
Capital Outlay	-	-	5,000	5,000
Total Expenditures	-	-	\$ 9,000	\$ 9,000
Receipts Over (Under) Expenditures	1,843	1,766		
Unencumbered Cash, Beginning	8,252	10,095		
Unencumbered Cash, Ending	<u>\$ 10,095</u>	<u>\$ 11,861</u>		

The notes to the financial statements are an integral part of this statement.

**CITY OF LINCOLN CENTER, KANSAS
DEBT SERVICE FUND - BOND AND INTEREST FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2010**

(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance- Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Ad Valorem Taxes - Current	\$ -	\$ 674	\$ 707	\$ (33)
Ad Valorem Taxes - Delinquent	-	1	-	1
Special Assessments	-	34,490	31,370	3,120
Interest income	435	356	300	56
	435	35,521	32,377	3,144
Expenditures	16,370	31,370	\$ 36,370	\$ 5,000
Receipts Over (Under) Expenditures	(15,935)	4,151		
Unencumbered Cash, Beginning	19,997	4,062		
Unencumbered Cash, Ending	\$ 4,062	\$ 8,213		

CITY OF LINCOLN CENTER, KANSAS
CAPITAL PROJECT FUND - MUNICIPAL EQUIPMENT RESERVE
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - (NONBUDGETED)
For the Year Ended December 31, 2010
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts:		
Interest income	\$ 8,043	\$ 1,249
Transfer from General Fund	<u>30,000</u>	<u>30,000</u>
Total Cash Receipts	38,043	31,249
Expenditures:		
Capital outlay	<u>271,863</u>	<u>-</u>
Receipts Over (Under) Expenditures	(233,820)	31,249
Unencumbered Cash, Beginning	<u>322,092</u>	<u>88,272</u>
Unencumbered Cash, Ending	<u>\$ 88,272</u>	<u>\$ 119,521</u>

**CITY OF LINCOLN CENTER, KANSAS
PERMANENT FUND - CEMETERY TRUST FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - (NONBUDGETED)
For the Year Ended December 31, 2010
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)**

	Prior Year Actual	Current Year Actual
Cash Receipts:		
Interest income	\$ 1,532	\$ 792
Expenditures	-	-
Receipts Over Expenditures	1,532	792
Unencumbered Cash, Beginning	64,964	66,496
Unencumbered Cash, Ending	<u>\$ 66,496</u>	<u>\$ 67,288</u>

CITY OF LINCOLN CENTER, KANSAS
ENTERPRISE FUND - ELECTRIC UTILITY FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2010

(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance- Favorable (Unfavorable)
	Actual	Actual	Budget	
Cash Receipts:				
Charges for Services	\$ 1,540,111	\$ 1,711,262	\$ 1,900,000	\$ (188,738)
Supplies	28,035	19,423	40,000	(20,577)
Sales Tax	34,180	39,038	41,000	(1,962)
Interest	37,725	18,572	30,000	(11,428)
Meter Deposits	19,160	8,650	15,000	(6,350)
Other	8,998	13,055	10,000	3,055
Total Cash Receipts	<u>1,668,209</u>	<u>1,810,000</u>	<u>\$ 2,036,000</u>	<u>\$ (226,000)</u>
Expenditures:				
Production -				
Personal Services	137,712	96,607	\$ 137,000	\$ 40,393
Contractual	1,106,851	1,320,807	1,500,000	179,193
Commodities	69,725	16,570	50,000	33,430
Capital Outlay	51,276	24,411	200,000	175,589
Distribution -				
Personal Services	117,569	113,426	127,000	13,574
Contractual	7,192	6,764	20,000	13,236
Commodities	37,795	47,028	50,000	2,972
Capital Outlay	14,872	-	50,000	50,000
General Administration -				
Personal Services	38,058	38,901	45,000	6,099
Contractual	10,092	10,722	12,000	1,278
Commodities	432	694	5,000	4,306
Capital Outlay	-	-	5,000	5,000
Sales Tax	34,088	42,355	43,000	645
Meter Deposit Refunds	5,615	8,080	11,600	3,520
Interest	201	136	400	264
Transfer Out - General Fund	100,000	100,000	120,000	20,000
Total Expenditures	<u>1,731,478</u>	<u>1,826,501</u>	<u>\$ 2,376,000</u>	<u>\$ 549,499</u>
Receipts Over (Under) Expenditures	(63,269)	(16,501)		
Unencumbered Cash, Beginning	<u>1,275,264</u>	<u>1,211,995</u>		
Unencumbered Cash, Ending	<u>\$ 1,211,995</u>	<u>\$ 1,195,494</u>		

The notes to the financial statements are an integral part of this statement.

CITY OF LINCOLN CENTER, KANSAS
ENTERPRISE FUND - WATER UTILITY FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2010

(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance- Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Charges for Services	\$ 147,652	\$ 169,020	\$ 200,000	\$ (30,980)
Supplies	4,916	13,214	12,000	1,214
Water Protection Fees	1,336	1,362	3,000	(1,638)
Interest	13,961	6,221	20,000	(13,779)
Meter Deposits	1,765	1,345	30,000	(28,655)
Other	6,010	8,171	6,000	2,171
Total Cash Receipts	<u>175,640</u>	<u>199,333</u>	<u>\$ 271,000</u>	<u>\$ (71,667)</u>
Expenditures:				
Production -				
Personal Services	11,806	14,959	\$ 30,000	\$ 15,041
Contractual	26,093	17,105	30,000	12,895
Commodities	9,462	6,742	25,000	18,258
Capital Outlay	13,500	65,129	140,000	74,871
Distribution -				
Personal Services	55,267	74,301	65,000	(9,301)
Contractual	9,785	134,262	20,000	(114,262)
Commodities	13,344	17,933	25,000	7,067
Capital Outlay	-	2,971	80,000	77,029
General Administration -				
Personal Services	29,558	29,812	35,000	5,188
Contractual	4,255	5,082	3,000	(2,082)
Commodities	494	-	2,000	2,000
Capital Outlay	-	720	3,000	2,280
Water Protection and Clean Drinking				
Water Fees	2,590	2,681	5,000	2,319
Meter Deposit Refunds	965	1,310	2,900	1,590
Interest	26	15	100	85
Transfer Out - General Fund	30,000	30,000	30,000	-
Total Expenditures	<u>207,145</u>	<u>403,022</u>	<u>\$ 496,000</u>	<u>\$ 92,978</u>
Receipts Over (Under) Expenditures	(31,505)	(203,689)		
Unencumbered Cash, Beginning	<u>514,759</u>	<u>483,254</u>		
Unencumbered Cash, Ending	<u>\$ 483,254</u>	<u>\$ 279,565</u>		

The notes to the financial statements are an integral part of this statement.

**CITY OF LINCOLN CENTER, KANSAS
ENTERPRISE FUND - SEWER UTILITY FUND**

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2010

(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		
		Actual	Budget	Variance- Favorable (Unfavorable)
Cash Receipts:				
User Fees	\$ 116,354	\$ 116,979	\$ 140,000	\$ (23,021)
Other	188	461	3,000	(2,539)
Total Cash Receipts	116,542	117,440	\$ 143,000	\$ (25,560)
Expenditures:				
Personal Services	39,185	42,706	\$ 50,000	\$ 7,294
Contractual	4,517	3,749	10,000	6,251
Commodities	4,238	9,641	10,000	359
Capital Outlay	-	-	50,000	50,000
Debt Service	48,459	47,099	48,460	1,361
Transfer Out - General Fund	3,000	5,000	5,000	-
Total Expenditures	99,399	108,195	\$ 173,460	\$ 65,265
Receipts Over Expenditures	17,143	9,245		
Unencumbered Cash, Beginning	256,991	274,134		
Unencumbered Cash, Ending	\$ 274,134	\$ 283,379		

**CITY OF LINCOLN CENTER, KANSAS
ENTERPRISE FUND - SOLID WASTE FUND**

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2010

(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Actual	Budget	Variance- Favorable (Unfavorable)
Cash Receipts:				
User Fees	\$ 91,505	\$ 98,539	\$ 103,000	\$ (4,461)
Other	127	314	-	314
Total Cash Receipts	<u>91,632</u>	<u>98,853</u>	<u>\$ 103,000</u>	<u>\$ (4,147)</u>
Expenditures:				
Contractual	89,243	96,112	98,000	1,888
Transfer Out - General Fund	<u>3,000</u>	<u>2,000</u>	<u>5,000</u>	<u>3,000</u>
Total Expenditures	<u>92,243</u>	<u>98,112</u>	<u>\$ 103,000</u>	<u>\$ 4,888</u>
Receipts Over (Under) Expenditures	(611)	741		
Unencumbered Cash, Beginning	<u>7,235</u>	<u>6,624</u>		
Unencumbered Cash, Ending	<u>\$ 6,624</u>	<u>\$ 7,365</u>		

The notes to the financial statements are an integral part of this statement.

**CITY OF LINCOLN CENTER, KANSAS
DISCRETELY PRESENTED COMPONENT UNITS**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended December 31, 2010**

	<u>Carnegie Library</u>	<u>Port Authority</u>
Cash Receipts:		
City of Lincoln Center	\$ 35,190	\$ 15,000
South Central Kansas Library System	6,721	-
State of Kansas	681	404,550
Donations	1,918	-
Interest	200	213
Miscellaneous	2,311	-
	<hr/>	<hr/>
Total Cash Receipts	47,021	419,763
	<hr/>	<hr/>
Expenditures:		
Personal Services	25,847	-
Repairs	4,662	-
Collection Material	7,891	-
Utilities	2,605	-
Insurance	2,333	2,985
Furnishings and Equipment	1,964	-
Supplies	2,170	-
Consulting	-	-
Taxes	-	442
Ramp and Helipad Project	-	449,895
Miscellaneous	611	-
	<hr/>	<hr/>
Total Expenditures	48,083	453,322
	<hr/>	<hr/>
Receipts Over (Under) Expenditures	(1,062)	(33,559)
	<hr/>	<hr/>
Unencumbered Cash, Beginning	74,119	32,941
	<hr/>	<hr/>
Unencumbered Cash, Ending	<u>\$ 73,057</u>	<u>\$ (618)</u>

CITY OF LINCOLN CENTER, KANSAS

STATEMENT OF CHANGES IN LONG-TERM DEBT
For the Year Ended December 31, 2010

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
Note Payable: KDHE	3.14%	4/26/2004	699,705	9/1/2024	\$ 551,496	\$ -	\$ 30,016	\$ (30,016)	\$ 521,480	\$ 17,083
General Obligation Bonds Serial Series 2008	4.0% to 5.5%	12/31/2008	360,000	11/1/2024	360,000	-	15,000	(15,000)	345,000	16,370
Total Long-term Debt					\$ 911,496	\$ -	\$ 45,016	\$ (45,016)	\$ 866,480	\$ 33,453

The notes to the financial statements are an integral part of this statement.

CITY OF LINCOLN CENTER, KANSAS

SCHEDULE OF MATURITY OF LONG-TERM DEBT
For the Year Ended December 31, 2010

		2011	2012	2013	2014	2015	2016-2020	2021-2025	2026	Total
PRINCIPAL										
Note Payable:										
KDHE - Sewer Revenues	\$	31,043	\$ 32,104	\$ 33,202	\$ 34,336	\$ 35,508	\$ 196,613	\$ 158,674	\$	\$ 521,480
General Obligation Bonds										
Serial Series 2008		20,000	20,000	20,000	20,000	20,000	120,000	125,000	-	345,000
TOTAL PRINCIPAL		51,043	52,104	53,202	54,336	55,508	316,613	283,674	-	866,480
INTEREST										
Note Payable:										
KDHE - Sewer Revenues		17,417	16,356	15,258	14,124	12,952	45,687	10,936		132,730
General Obligation Bonds										
Serial Series 2008		15,770	14,970	13,370	12,570	11,770	49,650	17,300	-	135,400
TOTAL INTEREST		33,187	31,326	28,628	26,694	24,722	95,337	28,236	-	268,130
TOTAL PRINCIPAL AND INTEREST \$		84,230	\$ 83,430	\$ 81,830	\$ 81,030	\$ 80,230	\$ 411,950	\$ 311,910	\$ -	\$ 1,134,610

The notes to the financial statements are an integral part of this statement.

CITY OF LINCOLN CENTER, KANSAS

NOTES TO SPECIAL FINANCIAL STATEMENTS

December 31, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Financial Reporting Entity

The City of Lincoln Center is a municipal corporation governed by an elected mayor and elected five-member council. These financial statements present the City of Lincoln Center (the primary government) and some of its component units. The component units are included in the city's reporting entity because of the significance of their operational or financial relationships with the city.

Discretely Presented Component Units - The component units section of the financial statements includes the financial data of the discretely presented component units. These component units are reported separately to emphasize that they are legally separate from the city. The governing bodies of these component units are appointed by the city.

Library Board - The City is liable for actions of the Library Board. A significant portion of the funding for the Library Board is a result of a tax levy determined by the governing body. Bond issuances must be approved by the City. The governing body is appointed by the city.

Port Authority - The City of Lincoln Center Port Authority operates the Lincoln Center Airport. All current funding is provided by the City of Lincoln Center. The governing body is appointed by the City.

Housing Authority - The City of Lincoln Center Housing Authority operates the city's two housing projects. The City does not provide funding, establish budgets, nor exercise any influence over the daily operations of the Authority. Bond issuances must be approved by the City. The governing body is appointed by the City.

The Post Rock Apartment project and the Housing Authority of Lincoln Center are not included in the reporting entity.

Fireman's Relief Association - The Association is not a component unit because the city exercises no oversight responsibility and has no accountability for its fiscal matters. The Firemen's Relief Association provides insurance and other benefits to firemen. The association's board consists of firefighters elected by popular vote. Kansas statutes provide for funding.

(b) Basis of Presentation - Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for separately. Funds are classified into three categories: governmental, proprietary and fiduciary. Within each of these three categories there are one or more fund types. The city used the following fund types:

Governmental Fund Types

These are the funds through which most governmental functions typically are financed. The funds included in this category are as follows:

General Operating Fund - This fund is established to account for resources devoted to financing the general services that the City performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. This fund is charged with all costs of operating the government for which a separate fund has not been established.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(b) Basis of Presentation - Fund Accounting (cont.)

Governmental Fund Types (cont.)

Special Revenue Funds - These funds are established to account for the proceeds of specific revenue sources other than special assessments expendable trusts or major capital projects that are legally restricted to expenditures for specified purposes.

Debt Service Funds - These funds are established for the purpose of accumulating resources for the payment of interest and principal on long-term general obligation debt other than those payable from Enterprise Funds and Special Assessment Funds.

Capital Project Funds - These funds account for financial resources to be used for the acquisition or construction of major capital facilities which are not financed by Proprietary and Trust funds.

Proprietary Fund Types

These funds account for operations that are self-supporting through user charges. The funds included in this category are Enterprise Funds and Internal Service Funds.

Enterprise Funds - These funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Internal service Funds - These funds are established to account for the financing of goods or services provided by one department or other departments of the City on a mostly cost-reimbursement basis.

Fiduciary Fund Types

These funds account for assets held by the City as a trustee or agent for individuals, private organizations and other units of governments. These funds are as follows:

Expendable Trust Funds - These funds are used to account for funds that are to be used for expenditures incurred by City employees and for funds held in escrow for other parties.

Agency Funds - These funds are used to account for assets received for, held for, and disbursed to individuals, other State and Local Government unit funds or other governmental or private sector organizations.

(c) Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the statutory basis of accounting.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(d) Departure from Generally Accepted Accounting Principles

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance: encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with accounting principles generally accepted in the United States of America. General fixed assets that account for the land, building and equipment owned by the municipality are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes and compensated absences are not presented in the financial statements.

(e) Budget and Tax Cycle

Kansas statutes require that an annual operating budget be legally adopted for the General Operating Fund, Special Revenue Funds (unless specifically exempted by statute), Debt Service Funds and Enterprise Funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding year on or before August 1.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5.
3. Public hearing on or before August 15, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year end.

A legal operating budget is not required for Capital Project Funds and Agency Funds, Fiduciary funds, Permanent Funds and Special Road and Bridge Machinery Fund.

Spending in funds which are not subject to the legal annual operating budget requirement are controlled by federal regulations, other statutes or by the use of internal spending limits established by the governing body.

(f) Special Assessments

Projects financed in part by special assessments are financed through general obligation bonds of the City and are retired from the Bond and Interest Fund. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of bonds are recorded as revenue in the Bond and Interest Fund.

(g) Subsequent Events

Subsequent events have been evaluated through September 12, 2011, which is the date the audited financial statements were issued.

(h) Reimbursements

A reimbursement is an expenditure or expense initially made in one fund, but properly attributable to another fund. For example, it is common for the general fund to pay a vendor's bill and to have certain portions of it reimbursed by other funds. In accounting for such reimbursements, the City of Lincoln Center records an expenditure in the reimbursing fund, and a reduction of expenditure in the reimbursed fund, following the authoritative guidance of the *Governmental Accounting, Auditing, and Financial Reporting*.

2. CASH AND INVESTMENTS

(a) Deposits

At December 31, 2010, the carrying amount of the City's deposits, including certificates of deposit, was \$2,667,749. The bank balance was \$2,703,387. The difference between the carrying amount and the bank balance is checks outstanding and deposits in transit. Of the bank balance \$250,000 was covered by FDIC insurance and the remaining \$2,453,387 was collateralized by pledged securities held under safekeeping receipts issued by a third-party bank in the bank's name with the City listed as pledgee.

(b) Investments

Kansas statutes authorize the City to invest in U.S. Treasury Bills and Notes, repurchase agreements, and the Kansas Municipal Investment Pool. All investments must be insured, registered, or held by the City or its agent in the City's name. The Kansas Municipal Investment Pool is not subject to the risk category classifications. The City had no investments at December 31, 2010.

3. PENSION COSTS AND EMPLOYEE BENEFITS

(a) Defined Benefit Pension Plan

Plan Description. The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (400 SW 8th Avenue, Suite 200; Topeka, KS 66603-3925) or by calling 1-800-228-0366.

Funding Policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established by statute for calendar year 2010 is 6.14%. The City employer contributions to KPERS for the years ending December 31, 2010, 2009, and 2008 were \$29,448, \$26,409, and \$21,986, respectively, equal to the statutory required contributions for each year.

(b) Other Employee Benefits

Vacation – All vacation pay expires at December 31, and cannot be carried forward.

Sick leave – Sick pay is cumulative but does not vest. It is earned at the rate of one day per month and was initiated January 1, 1982. No provision has been made in the financial statements for sick pay.

4. CLAIMS AND JUDGMENTS

The City is exposed to various risks of loss related to property loss, torts, and errors and omissions. The City has purchased commercial insurance for these potential risks. There have been no significant reductions in insurance coverage in 2010 and there were no settlements that exceeded insurance coverage in 2010.

During the ordinary course of its operations the City is a party to various claims, legal actions and complaints. It is of the opinion of the City's management and legal counsel that these matters are not anticipated to have a material impact on the City.

5. INTERFUND TRANSFERS

From	To	Statutory Authority	Amount
Electric Fund	General Fund	K.S.A. 12-197	\$ 100,000
Water Fund	General Fund	K.S.A. 12-197	30,000
Sewer Fund	General Fund	K.S.A. 12-197	5,000
Solid Waste Fund	General Fund	K.S.A. 12-197	2,000
General Fund	Municipal Equipment	K.S.A. 12-1,117	30,000

6. COMPLIANCE WITH KANSAS STATUTES

Indebtedness in the Port Authority component unit exceeds the cash in the fund by \$618. This is in violation of K.S.A 10-113 which states, "Unless otherwise provided in this act, it shall be unlawful after May 1, 1933, for any member of any governing body of any municipality to knowingly vote for or in any manner aid or promote the passage or adoption of any order, motion, ordinance, resolution, legislation or other act of said governing body, creating an indebtedness in excess of the amount of funds actually on hand in the treasury of such municipality at the time for such purpose, or to knowingly vote for the drawing of any order, warrant or check, or other evidence of such indebtedness on the treasury of said municipality, in payment of any such indebtedness, in excess of the amount of funds actually on hand in the treasury at the time for such purpose." The City of Lincoln Center has sufficient funds to cover the Port Authority deficit.

7. CAPITAL PROJECTS

Capital Project authorizations with approved change orders compared with cash disbursements and accounts payable from inception are as follows:

	Project Authorization	Cash Disbursement And Accounts Payable to Date
Public Utilities		
Engine #5 overhaul	\$177,399	\$177,399
Engine # 6 overhaul	380,750	32,209
Water Well Project	196,469	196,469
Component Units		
Construct ramp and helipad	449,500	449,895

In December of 2010, the City of Lincoln Center established a date of February 15, 2011 for the awarding of a contract for the improvement of the city's water lines. The contract was awarded during the February 14, 2011 city council meeting. The amount of the project was \$363,210.